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The information submitted states that Taxpayer is organized as an Entity under the laws of Country. Taxpayer was created to provide a vehicle for making retirement, disability, and survivor benefits available to Covered Employees and their surviving

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relatives in Country. Taxpayer is exempt from income taxation under the laws of Country on its pension-related activities.

Taxpayer is governed by Act, as well as its own governing documents, and regulated by Body. Body is the official government body established to supervise pension funds in Country.

Taxpayer's governing documents provide that Taxpayer's purpose is to ensure the pensions of the Covered Employees and their surviving dependents. Taxpayer has the power to engage in any activity that conforms with Act and that serves to protect the benefits accumulated by the parties.

Taxpayer's governing documents provide that the governance and management of Taxpayer is determined by the Board of Trustees (Board), which consists of an equal number of directors elected by the employers and employees. All Board resolutions are required to be passed by majority vote.

Taxpayer derives its income from a combination of employee contributions, employer contributions, and income from investments. The available funds of Taxpayer are required to be invested responsibly based on an investment plan adopted by Board pursuant to Act. Taxpayer is required to annually produce an audited report of its financial position, including a signed statement from the auditors.

Taxpayer has an unlimited life. If Taxpayer is to be liquidated, there must be an extraordinary resolution to vest the whole or any part of its assets in some other body having similar objects or functions. In the event of the dissolution of Taxpayer, Board is authorized to settle the interests of the active and deferred participants and other interested parties. Board is authorized to transfer the liabilities and obligations with respect to pensions and other benefits to another pension fund governed by the Act. Members of Taxpayer cannot unilaterally assign or transfer their pension benefits to another person.

Section 301.7701-1(b) provides that the classification of organizations that are recognized as separate entities is determined under § 301.7701-2, § 301.7701-3, and § 301.7701-4 unless a provision of the Internal Revenue Code provides for special treatment of that organization.

Section 301.7701-4(a) provides that, in general, an arrangement will be treated as a trust if it can be shown that the purpose of the arrangement is to vest in trustees responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in

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a joint enterprise for the conduct of business for profit. If an entity has both associates and a business purpose, it cannot be classified as a trust for federal tax purposes.

Based solely on the facts submitted and the representations made, we conclude that Taxpayer is classified as a trust for federal tax purposes under § 301.7701-4(a).

Except as expressly provided, no opinion is expressed concerning the federal tax consequences of the facts described above under any other provision of the Code. Specifically, we make no determination concerning whether Taxpayer or its beneficiaries are entitled to any benefits under the Code or the income tax treaty entered into by Country and the United States concerning income derived from the United States.

This ruling is directed only to the taxpayers receiving it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to Taxpayer's authorized representative.

Sincerely,

Bradford R. Poston
Senior Counsel, Branch 2
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (2)

Copy of this letter

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